

## **Business Roundtable Meeting Notes**

### **August 28, 2003**

#### Attendees:

T. Aubee, J. Boehnert, K. Camp, P. Dowling, A. Dzykewicz, G. Ezovski, Hittinger, H. Huppert, J. Meyer, C. Rein, M. Viera, A. Willoughby  
R. Gagnon T. Gray, L. Hellested, J. Keller, A. Liberti, B. T. Maguire, Migliore, M. Musselman, J. Reitsma, T. Getz

The meeting began with a round of introductions by the meeting participants. The May meeting notes were accepted as written.

#### **Budget Update**

The Director briefed the group on the 2004 budget. He made the following points:

- All agencies were required to prepare a budget that represented a 10% reduction from the previous year. The governor will then review the budgets and will decide which proposals to accept.
- DEM often winds up with a higher cut than is proposed by the agency. HE indicated that the agency is in a crisis mode now and the 2005 budget will look even worse.
- He is concerned with the vacancy rate that has been assigned to DEM. He said that the budget assumes that twenty-eight positions will not be able to be filled. The personnel cap of the agency is 535 employees.
- DEM should finish the FY 2003 budget with a slight surplus, indicating our ability to live within a tight budget.
- Preliminary analysis indicated that the ten percent reduction would result in the layoffs of about twenty people.
- Cuts need to come from state funded programs. Federal resources primarily fund a number of programs in the Bureau of Natural Resources. Reductions will then have to shift to the other divisions in the Bureau. The Division of Parks and Recreation is sorely in need of an increase of state funds as was determined by the asset management review. If this program is spared cuts, then the other divisions will have to absorb these cuts.

A question was asked if federally funded positions are treated differently than state funded positions. The Director was hoping that there could be consideration in these cases, but the administration is not moving in this direction. Concerns have been raised that the federally funded employees will be required to be picked up in the state system if federal funds are lost. The Director thought this scenario could be managed, but this message was not getting through to decision-makers.

Terry Gray mentioned that Preventative proactive programs are in jeopardy. He mentioned that the pollution prevention program was losing staff and lower staffing levels will affect permit review time. In addition the existing program that helps projects by giving individual assistance is also affected. DEM thinks this is the right approach to take, but we will be limited with what we can do because of lower staffing levels.

The Director discussed the Fiscal Fitness Program. The impetus of the program is to increase efficiency and to save money by implementing these efficiencies. He is supportive of the concept. He is open to any new analytical tools. He did say that some of the tools work better in the private sector and might not be tested in the governmental sector. He mentioned that the governor is in a

tight position. There is not enough money in the budget to fund all proposals. He also mentioned that department directors need more flexibility in moving people around in an agency. If we are efficient in the way we can use personnel, it may be possible to minimize the need for layoffs.

He did express concern on some of the Fiscal Fitness proposals. One recommendation is to stop working on the watershed approach and focus on core programs. This would push DEM back into a command and control organization. He thought this approach is moving us away from some of the innovative programs that we have been working on including the watershed approach and voluntary compliance programs. These approaches work to get the environmental and business community involved with environmental problem solving. Terry Gray mentioned that the Fiscal Fitness program is focusing on the evaluation of programs based on a concept of return on investment. This is often hard to determine in the management of environmental programs. It is hard to quantify the cost of delays of permitting projects.

Gary Ezovski wanted to know how this state compares to other states in spending money on environmental programs. The Director mentioned this information is tabulated in the 2003 sourcebook of the Governing magazine and he will forward this information to him.

## **New Business**

### **A. Underground Storage Tank Environmental Results Program Briefing**

Ron Gagnon reviewed the compliance manual and checklist for the Underground Storage Tank (UST) program. He said that they would be adding a section on compliance with the Stage I and II vapor recovery air pollution regulations. He is expecting to receive comments on the work to date in about two weeks. A week after that he should be able to revise the document and the checklist based on the comments. He said a number of business representatives on the working group would field test the material and provide Ron with some valuable field comments. He thought the book would be complete in late October. Ron indicated that using the book would allow DEM to have all gasoline facilities to be compliance checked on a two-year cycle. DEM existing resources are only able to monitor compliance on a seven-year cycle. This process will also merge the existing Air pollution and UST inspection programs. Ron also indicated that he will need to train the industry on the new methodology and will also need to get baseline data on existing conditions in the state in order to determine the effectiveness of the program.

The Director mentioned that he is looking to apply this approach to other programs. This may be one way to use existing resources move efficiently. Mr. Ezovski indicated that this was a frustrating process. There are some members of the tank community who think they know it all and it is only the smaller operators who need this guidance. He also suggested that the books could be organized in a manner that meets the business needs of the industry. The Director questioned if DEM should charge fees for the inspections. This might be a way to offset some of the cuts and possibly be used to help fund other self-compliance programs. He also asked the group if there are any other ways to streamline the DEM processes?

### **B. RIPDES Program Discussion**

The director acknowledged his thanks for the support the business community showed on the existing RIPDES program. Without this support, the program could have reverted to the federal EPA. He mentioned that DEM needs to be proactive and needs to educate people on the value of the program. He thought that some legislators were not given correct information about the effectiveness of the program.

DEM is preparing information about the program that includes the way we will be reducing the current backlog of permits. He mentioned that our existing backlog has been reduced significantly. Our major permit backlog has been reduced from 85% to about 10%. We also have a plan to reduce minor permit backlogs from 90 % to about 6% over the next few years.

In addition, DEM needs to explain that a permit may allow for some limited number of exceedences. DEM needs to explain the significance of the exceedences and how they are addressed. He also mentioned that implementation of the Phase II storm water program will have impacts on the municipalities. The public, however, needs to understand the relationship of storm water discharges and the Greenwich Bay fish kills. Development of plans to met the storm water phase II regulations will need to have a lot of input from the municipalities for them to be successful.

A question was asked if the legislative group was going to review the RIPDES or were other delegated programs going to be reviewed. The director thought that DEM should be prepared to discuss all of its programs. The questioner also wanted to know if business should get involved in the process. The Director mentioned that he welcomes their involvement because the storm water regulations will affect them too.

Another person questioned why DEM was going beyond the minimum standards proposed by EPA. The director mentioned that DEM is taking an approach that is needed to resolve Rhode Island problems. The fish kill is one argument for going beyond the minimum federal standards. Another participant thought there might be more thought given for a longer compliance deadline. Some municipalities have thousands of catch basins to control. The Director DEM should look at other financial incentives for compliance.

### **C. Critical Economic Concerns Process Discussion**

Andy Dzykewicz from the Economic Development Corporation discussed their Critical Economic Concerns (CEC) program. HE said that projects are eligible for this designation if:

- They relieve unemployment or underemployment.
- The project causes more than 100 employees to be hired.

Projects that receive CEC designations were to receive high priorities from the permitting agencies. The program initially had a lot of applications, but it became clear that not all projects were ready to move forward, EDC then instituted a processing fee and imposed a two-year sunset provision on the application.

HE mentioned that the fees could be used to support DEM activities. HE mentioned there were some issues with how to allow agencies to access these funds. He thought that the program was working well in agencies that had a backlog. The CEC projects would go to the front of the line of applications. The director thought that we needed to look at a capacity of DEM employees to work on complex projects. The system breaks down in smaller programs that only have a few permit reviewers. Other people thought it was also necessary to have the larger projects coordinated within DEM. A coordinated effort will often identify conflicting regulatory requirements in the beginning of the process. Another person questioned if DEM would consider outsourcing some of the reviews. The director indicated we are looking at this issue. However he thought there was an equity issue since some people will be perceived as purchasing a permit.

Mr. Dzykewicz identified application quality as a problem and thought that pre-application meetings were valuable to the process. Past rules changes were helpful in eliminating applications that were not ready to move forward. In general he thought the existing system is working.

#### **D. Site Remediation Discussion**

##### **i. Arsenic standards**

The Director mentioned that additional information on this topic could be found in the Business Roundtable Newsletter. He said the Office is still reviewing comments, but they should be ready to file in September. ~~HE~~He said the Navy had comments on the proposal. At this time the comment period is still open.

##### **ii. Decision timelines**

Leo Hellested mentioned the Office responds to site investigation reports within 67 days. He said the site remediation reports get turned around in 60 days. He mentioned that there is great variability in the review times depending on the application quality and the response time of consultants who will address DEM comments.

##### **iii. Privatization opportunities**

The group was asked to comment on other opportunities for privatization of DEM programs in the Office of Waste Management. Some of the ideas suggested include the following:

- Expand the marginal risk policy for other kinds of site. One suggestion was sites contaminated with just arsenic.
- Allow RISEP to look at the Marginal Risk Policy to recommend possible expansion opportunities.

Other issues were discussed at this part of the meeting. One person thought the issue was speedier review times and DEM may not need to privatize the work. Suggestions in this area included:

- Have more testing required in the early part of the process. Decisions could be made quicker if there was better site characterization.
- Create program incentives that will drive better testing.

Other comments:

- Third part reviews often want quicker reviews than sites that are required to be cleaned up by a responsible party. In this instance, additional testing will not speed up the process.
- DEM should consider a priority system that reviews projects that need a quicker clean up either based on economic or environmental concerns. Development projects and voluntary clean-up projects should get a high priority.
- DEM should determine if some employees turn-around applications quicker than others and determine how they do this. Terry mentioned he is looking at this with respect to information that will be collected by the new permit streamlining system.

#### **E. Future Meeting Topics**

- Sales tax exemption for environmental purchases – (Met Chem decision)
- Greenhouse Gas burner replacement program

#### **IV. Next Meeting – December 4, 2003**